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C O N F I D E N T I A L SECTION 01 OF 02 ABU DHABI 001006

SIPDIS

STATE FOR EB/ESC/TFS JSALOOM, NEA/ARPI TREUTER
TREASURY FOR DGLASER, RLEBENSON
MANAMA FOR JBEAL

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TAGS: [PTER](#) [KTFN](#) [AE](#) [UAE](#)

SUBJECT: UAE PREPARED TO DISCUSS CHARITIES AT MENA-FATF

REF: A. STATE 37310

- [1](#)B. 2005 ABU DHABI 2741
- [1](#)C. ABU DHABI 409
- [1](#)D. ABU DHABI 988

Classified By: Ambassador Michele J. Sison for reasons 1.4 b and d.

[1](#)1. (C) The UAE Central Bank will represent the UAE at the March 20-21 MENA-FATF plenary in Cairo, and Central Bank officials are prepared to discuss the UAE's implementation of the MENA-FATF charities white paper. This discussion will likely focus on the same themes that Abdulrahim al-Awadi, the Executive Director of the UAE's Anti-Money Laundering and Suspicious Cases Unit (AMLSCU), presented during last year's MENA-FATF plenary in Bahrain. Al-Awadi told Econoff March 15 that the UAE's laws and regulations governing charitable activities are "in-line" with the MENA-FATF charities white paper. He noted that when a charity opens a bank account, it is required to produce an original copy of the charity's license, which must be signed by the Minister of Social Affairs. He also said that charities are only allowed to open one bank account.

[1](#)2. (C) The UAE Ministry of Social Affairs is responsible for licensing and monitoring all charitable activities in Abu Dhabi and the northern Emirates; the Dubai Department of Islamic Affairs and Charitable Activities licenses and monitors Dubai's charities, but the Central Bank did not ask representatives from either of these entities to attend the MENA-FATF plenary. On March 13, Ministry of Social Affairs Under Secretary Hassan al-Sheikh told Econoff that he would contact al-Awadi to see if the Central Bank needed any input from him to prepare for the charities discussion.

[1](#)3. (C) Although the most appropriate body to discuss UAE charity regulation (the Ministry of Social Affairs) will not be in attendance at the MENA-FATF Plenary, Embassy suggests the U.S. delegation raise the following points with the Central Bank, since it should play a more active role in charity oversight.

-- When examining financial institutions, the Central Bank should look at charity transactions as a separate category of transactions. Charities are required to provide their bank account information to the Ministry of Social Affairs, but Ministry officials have told us that it is up to the Central Bank to track a charity's transactions. However, Governor al-Suwaidi told Econoff last year that he does not know whether the bank's examiners are looking at charitable transactions more stringently than any other bank transaction (ref B).

-- If a charity opens more than one bank account, the Central Bank should flag it to the Ministry of Social Affairs. Although the 1974 law governing UAE charity organizations states that charities are only allowed to open one bank account, officials from several charities have told econoff anecdotally that they have more than one account. The Central Bank should use its database system to see if individual charities have multiple accounts at different financial institutions.

-- If a charity directly transfers money abroad, the financial institution should submit a suspicious transaction report. In 1994 the UAE passed a resolution requiring charities to transfer all overseas donations through the UAE Red Crescent Society, and Ministry officials have told us that they also allow charities to send funds through the Sheikh Zayed Charitable and Humanitarian Foundation and the Mohammed Bin Rashid Charitable and Humanitarian Foundation. However, charities do not necessarily abide by this requirement, and Embassy contacts at financial institutions tell us they have received no written guidance from the Central Bank to let the banks know that they should not allow charities to transfer money abroad.

[1](#)4. (C) Comment. The fact that the Central Bank did not reach out to the charity regulators highlights Embassy's ongoing concerns about the UAE's lack of working-level interagency cooperation. One of the goals of the U.S./UAE Joint Terrorist Finance Coordination Committee (JTFFCC), which first

met on January 24, 2006 (ref C), is to create a vehicle to enhance communication and cooperation among the various UAE agencies involved in counter-terror finance efforts. Better enforcement of charity regulations is one of the topics that will be discussed at the upcoming May JTFCC meeting (ref D). The Central Bank's attitude about charity regulation mirrors its attitude about other aspects of the UAE's anti-money laundering and counter-terror financing efforts: if a regulation has been passed, then they think they have done enough. The Emiratis seem to believe that having a regulation actually prevents the illegal activity. Embassy officers and Washington visitors have pressed Central Bank officials multiple times to acknowledge that just having a law is not sufficient. They must enforce the law as well -- which requires broader interagency cooperation and engagement. For a comprehensive assessment of the UAE charity regulatory regime -- and its gaps -- see ref B.

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